

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 AID-05 OPIC-03

CIAE-00 INR-07 NSAE-00 SP-02 FRB-03 OMB-01 PRS-01 L-03

/042 W

----- 078594

R 260908Z AUG 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9940

INFO AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

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HONG KONG FOR TREASURY REP

E.O. 11652: N/A

TAGS: ENRG, EFIN, ID

SUBJECT: PERTAMINA FINANCES: SOME OF THE MECHANICS

REFS: (A) JAKARTA 9101

(B) JAKARTA 3328

(C) JAKARTA 10313 (NOTAL)

1. EMASSY HAS RECEIVED INQUIRES DEMONSTRATING THERE ARE STILL AMBIGUITIES CONCERNING PERTAMINA'S CURTAILED BORROWING AUTHORITY (REF B) THAT TROUBLE U.S. BANKERS. THEIR CONCERN ARISES FROM CONTINUING PERTAMINA/TECHNOCRAT ADVERSARY ATMOSPHERE WITHIN GOI, IN WHICH BANKS HAVE TO MAINTAIN GOOD RELATIONS WITH BOTH PARTIES. BANKS ARE ANXIOUS TO OBSERVE THE RULES AS LAID DOWN BY GOI, AND BE SEEN TO DO SO, WITHOUT ALIENATING PERTAMINA. EMBASSY HAS WORKED CLOSELY WITH THE BANKS IN A COUPLE OF CASES AND CONTINUES PREPARED LEND ITS GOOD OFFICES IN ASSESSING DELICATE SITUATIONS.

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2. BY WAY OF GENERAL GUIDANCE, IMPECCABLE PERTAMINA

SOURCE HAS OFFERED THE FOLLOWING:

A. BANK INDONESIA'S ASSUMPTION OF PERTAMINA'S BORROWING AUTHORITY DOES NOT RPT NOT MEAN BANKS "CAN NO LONGER TALK TO PERTAMINA." SOME HAVE OUTSTANDING LOANS TO PERTAMINA; NORMAL CAUTION RE THOSE, PLUS "NORMAL DILIGENCE" IN MONITORING ECONOMY AND BUSINESS OPPORTUNITIES, ARE ACCEPTABLE. (EMBASSY INCLINED INTERPRET "NORMAL DILIGENCE" CONSERVATIVELY.)

B. FINANCING NEGOTIATIONS CONTINUE IN ESTABLISHED CHANNELS FOR SEVERAL PROJECTS: PERTAMINA IS CONTINUING NEGOTIATIONS WITH JILCO TO COVER COST OVERRUNS JAPANESE LNG PROJECTS (REF C). FOR CILACAP REFINERY OVERRUN BANK INDONESIA ASSEMBLING COMMERCIAL FINANCING WHILE EXIM LOAN APPLICATION PENDING SUBMISSION PERTAMINA FINANCIALS. QUESTIONS REGARDING CORCO AROMATICS PLANT NOT MATERIAL FOR THE PRESENT BECAUSE THIS PROJECT, THOUGH IT "TESTS OUT" ON FINANCIAL AND ECONOMIC GROUNDS, IS LIKELY TO BE POSTPONED FOR UNAVAILABILITY OF FUNDS. FINANCING FOR OTHER PROJECTS IS FARTHER IN THE BACKGROUND STILL.

C. PERTAMINA IS OBTAINING ADVANCES FROM BANK INDONESIA TO RETIRE OBLIGATIONS AS THEY MATURE, AND HAS NO AUTHORITY TO ENTER INTO NEW ONES.

3. WE EXPECT BORDERLINE AND NEW SITUATIONS WILL CONTINUE TO ARISE IN WHICH BANKS WILL WANT TO CALL ON US FOR SPECIFIC CURRENT GUIDANCE IN THEIR RELATIONS WITH BANK INDONESIA AND PERTAMINA.  
NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 26 AUG 1975  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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